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Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 GSA-02 JUSE-00 CIAE-00
DODE-00 NSAE-00 NSCE-00 SSO-00 ICAE-00 INRE-00
AF-10 ARA-10 NEA-10 IO-13 OIC-02 AGRE-00 CEA-01
COME-00 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04
PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00
SP-02 SOE-02 OMB-01 DOE-15 /154 W
----------102263 041437Z /46
O 041424Z APR 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 4772
INFO AMEMBASSY BONN IMMEDIATE
AMEMBASSY OTTAWA IMMEDIATE
AMEMBASSY TOKYO IMMEDIATE

C O N F I D E N T I A L LONDON 05223

E.O. 11652: GDS
TAGS: EMIN, ITC
SUBJECT: TIN -- APRIL MEETING OF THE INTERNATIONAL TIN COUNCIL (ITC)

REF: STATE 84660

1. EMBOFF DISCUSSED REFTEL WITH MICHAEL JOHNSON AND NORMAN MCMULLAN, DEPARTMENT OF INDUSTRY OFFICIALS DIRECTLY CONCERNED WITH TIN, MORNING OF APRIL 3. JOHNSON SAID UK HAS NOT YET FIRMED UO ITS POSITION FOR THE COUNCIL MEETING, BUT WILL HAVE COORDINATING MEETING FRIDAY AFTERNOON TO DO SO.

2. JOHNSON'S REACTION TO U.S. PROPOSAL WAS ONE OF CONSTERNATION. HE SAID HE HAD GIVEN CAREFUL THOUGHT TO PRICE RANGE REVISION, AND PRIOR TO HEARING THE U.S. POSITION, WOULD HAVE RECOMMENDED THAT THE U.K. GO TO TH MEETING PREPARED TO CONCEDE A FAIRLY SUBSTANTIAL IN-
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CREASE IN THE FLOOR AND CEILING FOR TWO ASSURANCES IN RETURN FROM THE PRODUCERS: (A) THAT ANY NEW RANGE HOLD FOR AT LEAST A YEAR AND (B) THAT PRODUCERS GIVE FIRM ASSURANCES TO TAKE STEPS TO INCREASE PRODUCTION. HE HAD FORESEEN NO DIFFICULTY IN GETTING GOVERNMENT-WIDE ACCEPTANCE.

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3. JOHNSON ADDED HE HAD TAKEN INTO ACCOUNT THE APPARENT INCONSISTENCY IN T/HE U.K. SWITCHING FROM A HARD LINE POSITION IN JANUARY TO A LIBERAL ONE IN APRIL, WITHOUT THE BENEFIT OF INTERVENING RE-ASSESSMENT OF DATA BY THE ECONOMIC AND PRICE REVIEW PANEL (EPRP). ON BALANCE, HOWEVER, HE THOUGHT THIS SHOULD NOT BE GIVEN UNDUE WEIGHT. HE WAS DEEPLY CONCERNED ABOUT THE TREND TOWARD EXCESSIVE CONFRONTATION WITHIN THE ITC AND THE HARDEN-ING OF POSITIONS INTO THREE BLOCS: PRODUCERS, SOFT-CONSUMERS AND HARDLINERS. IN ESSENCE, HIS VIEW WAS THA AN ADJUSTMENT IN APRIL WOULD PUT THE PRODUCERS' "NEW INVESTMENT" THESIS (AS ILLUSTRATED IN THEIR "MODELS") TO TEST BY ADJUSTING THE PRESENT RANGE TO CURRENT MARKET REALITIES, AND WOULD LESSEN TENSIONS,ALL AT NO REAL COST TO CONSUMERS.

4. THE U.S. POSITION PUTS JOHNSON IN A DILEMMA. HE THINKS WE ARE WRONG, BUT HE THINKS TO OPPOSE US WOULD BE WORSE. HE SAID HE WOULD EXPECT THE SOFT EUROPEANS (NETHERLANDS, BELGIUM, FRANCE) TO BE IN EVEN STRONGER OPPOSITION TO THE U.S. POSITION THAN BEFORE. IF THE ISSUE COMES TO A VOTE, HE SAID, THE QUESTION FOR THE U.K. WOULD BE WHETHER TO ABSTAIN OR RELUCTANTLY STAY A PART OF LAST JANUARY'S GROUP OF FIVE. THEY WOULD NOT VOTE AGAINST THE U.S.

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5. JOHNSON HAD NO PROBLEM WITH POSTPONING THE ISSUE UNTIL JULY IF THE PRODUCERS WERE AGREEABLE. INDEED, THIS WOULD SUIT HIM WELL. HOWEVER, HE DOUBTED THAT THE PRODUCERS WOULD AGREE, SO HIS GLOOMY PROGNOSTICATIO BASICALLY WAS: WE WILL HAVE CONFRONTATION IN APRIL AND WIN. WE WILL PROBABLY HAVE CONFRONTATION AGAIN IN JULY BUT GIVE IN. ALL WE WILL HAVE GAINED WILL BE THREE MONTHS AND AT A TERRIBLE POLITICAL COST.

BREWSTER

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Message Attributes

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Draft Date: 04 apr 1978
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Remarks:
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Litigation History:
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